

# AMENDMENT TO THE LINCOLN CENTER REDEVELOPMENT PLAN

## Atrium Building Redevelopment Project

### Project Description

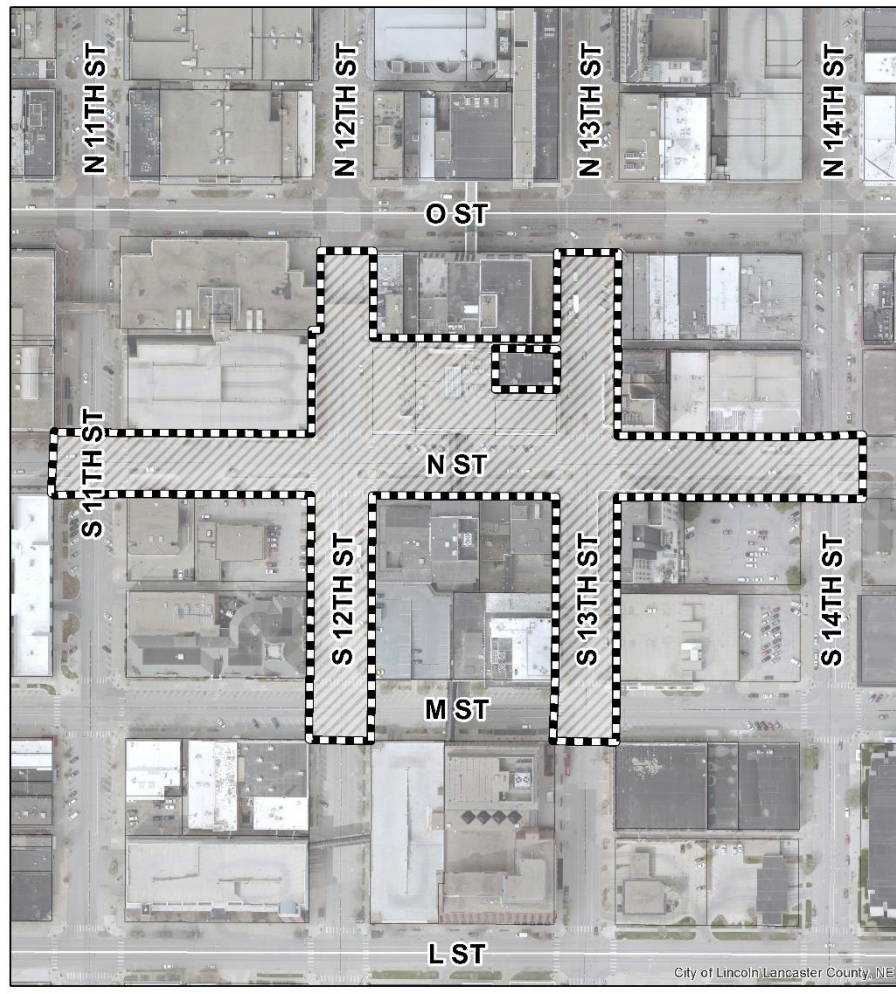
The Atrium Building Redevelopment Project (“Project”) is located on the block bounded by “N” Street, S. 12<sup>th</sup> Street, “O” Street, and S. 13<sup>th</sup> Street in Downtown Lincoln, as shown on the attached Exhibit “A”, which is attached hereto and incorporated herein by this reference. The Atrium Building is owned by Atrium Building, LLC, which is the proposed Redeveloper (“Redeveloper”) of the Project. The land underneath the Atrium Building is legally described as three separate tracts on Exhibit “BA”, and is owned by three property owners: Tract A and Tract C are subject to ground leases and the ground leasehold interest as tenant have been assigned to the Redeveloper. The ground leasehold interests of Tract A and Tract C and the fee simple interest in Tract B are collectively defined herein as the “Project Site”. The Project Site’s legal description is described on Exhibit “A”.



*Atrium Building, 1200 “N” Street, looking northwest, Google Earth image*

The Project Area includes the Project Site, including the east – west alley on Block 57; the “N” Street right of way between the west side of S. 12th Street right of way and the east side of S. 13th Street right of way; S. 12th Street right of way from the north side of the “N” Street right of way to the south side of

“O” Street right of way; and S. 13th Street right of way from the north side of “N” Street right of way to the south side of the “O” Street right of way as legally described on Exhibit “A” and shown on as the Project Area on the map below.



Atrium Building: Project Area



The Project Area is located in an “extremely blighted” and substandard area as declared by the Lincoln City Council. The Project includes the rehabilitation and redevelopment of the Atrium Building as a historically significant seven-story building, plus basement. The retail and office building was originally built in 1917. The building is approximately 145 feet tall and includes approximately 191,589 building square feet.

The 104-year-old Atrium Building has a long history as a retail and office building according to the Journal-Star archives. Originally, the 1917 building was constructed as a department store. Sears was located in the building from 1947 to 1972. The Journal Star archives reveals that after Sears left, the building was rehabilitated into a mall and office complex that opened in 1977. The Journal Star reported

that the building's tenants included Ben Simon's, The Limited, A.T. Thomas Jewelers and Lincoln Electric System. Other office tenants have included the former National Bank of Commerce, law firms, commercial businesses and several State departments and agencies. The Atrium is connected by the skywalk system with six skywalk bridges connecting to other buildings to create a large retail/office complex for customers, clients and visitors.

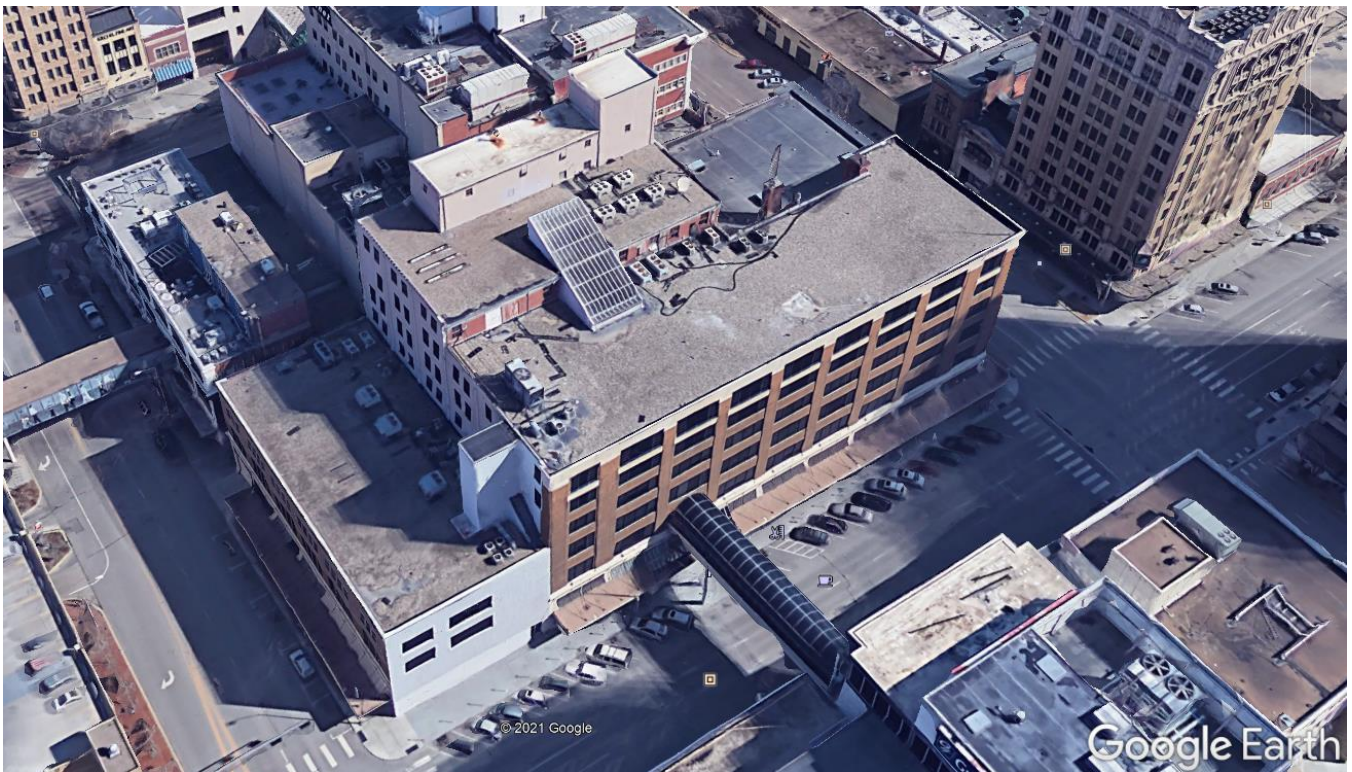
Subsequently, retail patterns have changed and most of the retail sector left the Atrium and other skywalk connected buildings. Office patterns have also changed. With the recent COVID-19 pandemic and office relocations, the Atrium building now stands 50% empty. Its larger current tenants include Nebraska Library Commission, Nebraska Public Service Commission and Signia Marketing, Inc.

To revitalize office and commercial uses, the Atrium Building is in need of a major top-to-bottom rehabilitation, including life safety systems, removal of hazardous materials and bringing the building up to modern building code standards resulting from deterioration and age of the building. The Redeveloper's plans include updating the entrances, common spaces, heating, air conditioning and ventilation system, new tenant finishes and exterior façade repair. The Redeveloper plans to carry out the major rehabilitation while working closely with the remaining tenants to minimize disturbances. Tenant finishes will be refurbished and completed in phases based upon executed tenant leases.

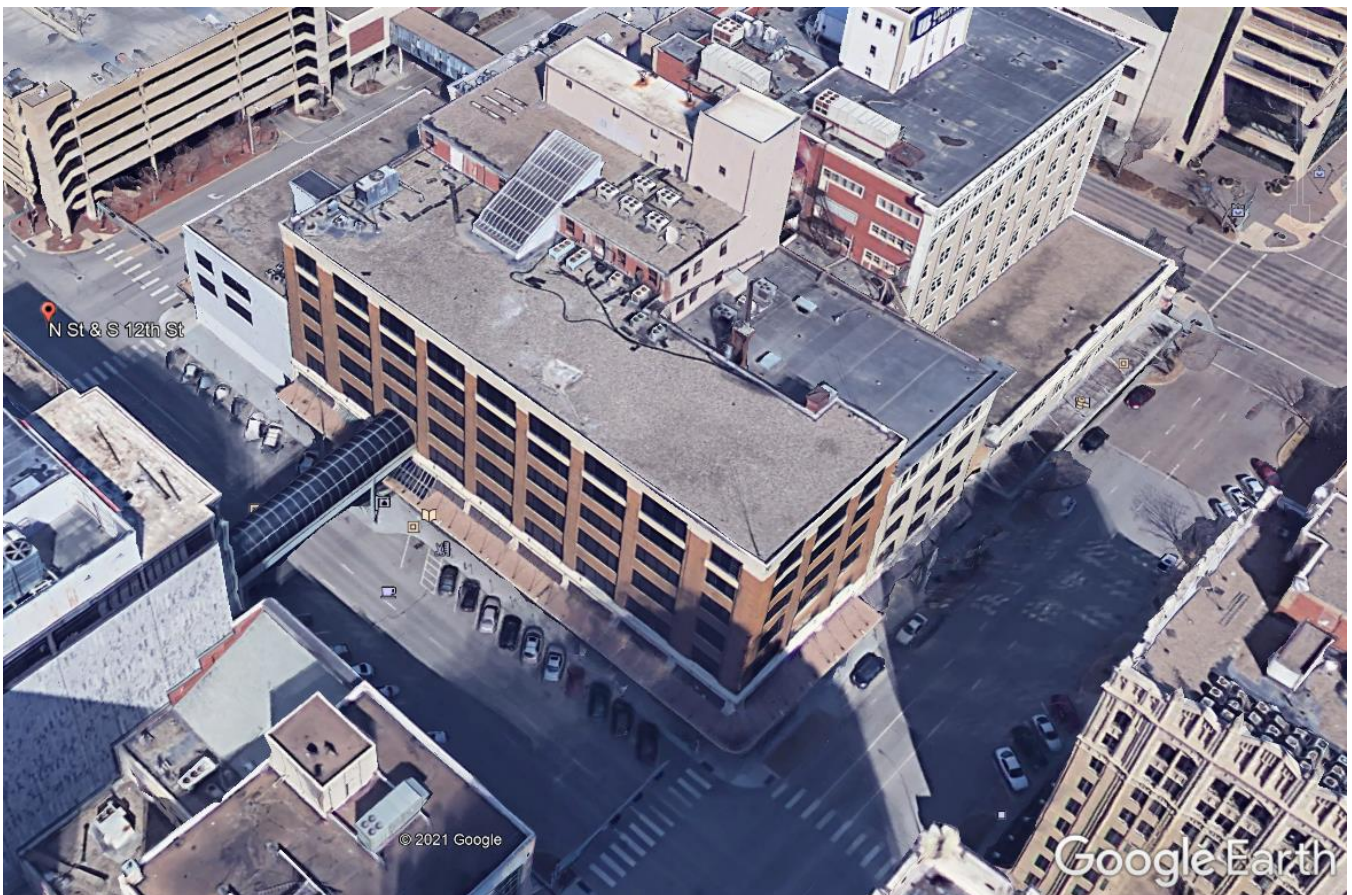
A new feature to the building will be the refurbishing of the 7<sup>th</sup> floor penthouse space into a tenant rich amenity space where tenants can host conferences and entertain clients. The enclosed 7<sup>th</sup> floor meeting spaces will have catering space, an abundance of glass and a large outdoor roof patio with canopy on multiple sides for a panoramic view of Downtown Lincoln.



*Seventh Floor Atrium Building; tenant conference and entertainment spaces*



*Atrium Building, looking northeast, Google Earth image*



*Atrium Building, looking northwest, Google Earth image*



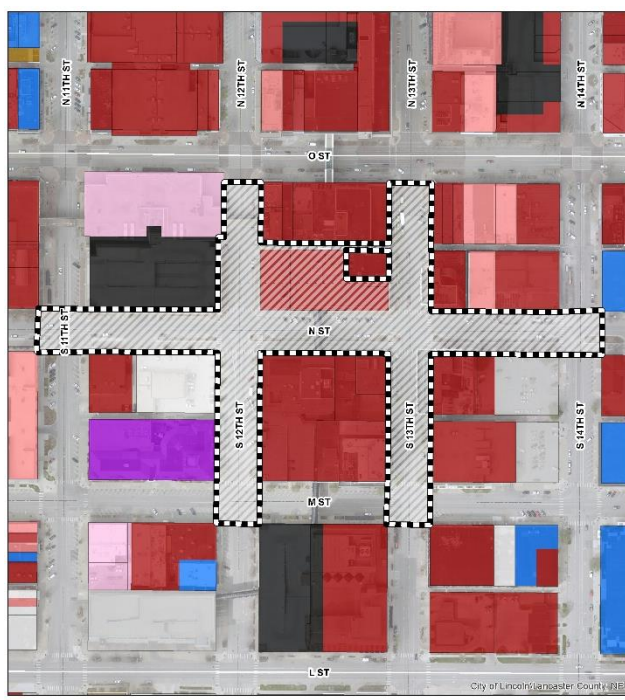
*Atrium Building; looking northeast, Google Earth image*

The overall goals of the Project are to strengthen the Downtown Lincoln business community, remove extremely blighted and substandard conditions, and make a positive contribution to Lincoln's economic vitality.

The proposed uses fit well with surrounding land uses, which include office and retail on the same block as the Project Site. See the Current Land Use Map and Future Land Use Map below.



Atrium Building: Current Land Use



Atrium Building: Future Land Use



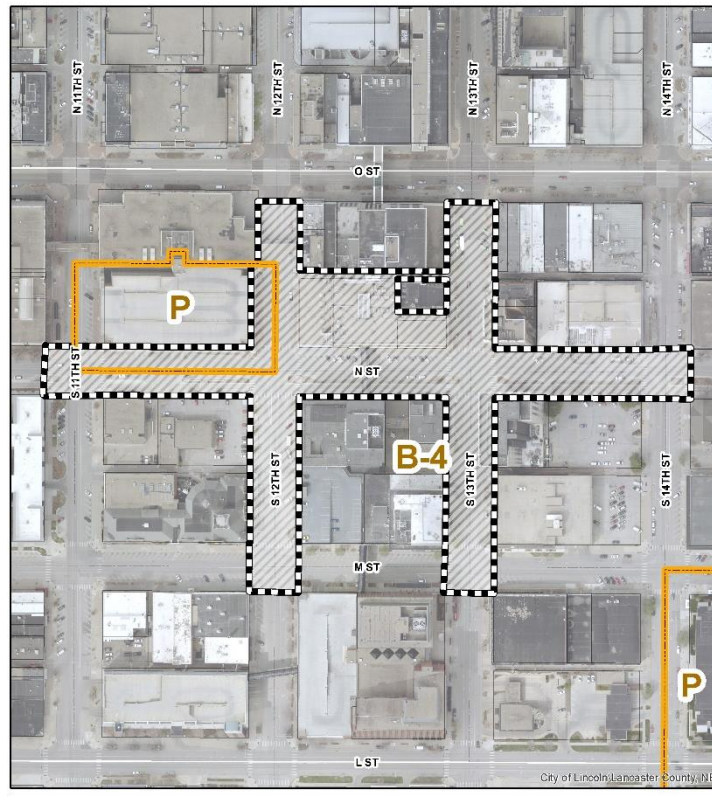
Section 18-2113 of the Community Development Law requires the City to review the Project and find that the proposed land use and building requirements for the Project Area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the City and its environs, which will, in accordance with the present and future needs, promote health, safety, morals, order, convenience, prosperity, and general welfare, as well as efficiency and economy in the process of development. The Project is consistent with *LPlan 2040, the Lincoln-Lancaster County 2040 Comprehensive Plan*. One of the overarching goals of *LPlan 2040* is to enhance Downtown's role as the heart of the City. The *Comprehensive Plan* encourages commercial and office development in underdeveloped or redeveloping commercial areas in order to remove blighted conditions and to more efficiently utilize existing infrastructure.

The Project is located within the geographic area of the *Lincoln Center Redevelopment Plan*:

**The Project is consistent with the *Lincoln Center Redevelopment Plan*.** The primary goal of the *Lincoln Center Redevelopment Plan* is to enhance Downtown Lincoln as the dominant mixed-use/multi-use center of activity within the region. The Project meets the redevelopment standards set forth in the *Lincoln Center Redevelopment Plan*, including, but not limited to: intensifying and strengthening Lincoln's central business district as a commercial/employment hub of the community; utilizing outdated buildings and removing blight; enhancing the aesthetics of Downtown to improve the pedestrian environment; encouraging private development in the Project Area that integrating landscape improvements in the Project Area.

The Project is also consistent with the *2018 Lincoln Downtown Master Plan*. The *Plan* encourages the reuse or redevelopment of existing buildings as opportunities arise. The *Downtown Master Plan* includes the goal of maintaining Downtown as the economic engine and employment hub for the greater Lincoln region.

The Project Site is located within the “B-4” Lincoln Center Business District. The B-4 District includes the entire Project Area and provides for the proposed Project’s commercial, and office uses. The existing zoning is shown on the map below.



Atrium Building: Current Zoning



As noted, the Project Site is located in the Lincoln Center Redevelopment Area and represents a significant private investment. Publicly funded redevelopment activities may include land acquisition assistance; internal space demolition; asbestos and environmental mitigation; stormwater enhancements; historical façade/building restoration and enhancements; energy and environmental resiliency enhancements; possible skywalk repairs; streetscape improvements; and other public improvements, enhancements, and expenses as permitted under Neb. Rev. Stat § 18-2117.03, and the Community Development Law.

## **Statutory Elements**

***Property Acquisition, Demolition, and Disposal:*** The City does not intend to acquire property, nor would it use eminent domain if it did acquire property for this Project. The Redeveloper currently owns the land and building in the Project Site and the other building portions that will be rehabilitated. Portions of the interior will be demolished, reconstructed and updated.

***Population Density:*** The Project will not impact population density in the Lincoln Center Redevelopment Area.

***Land Coverage:*** The historic structure on the land will remain and be renovated. The Project will comply with the applicable land-coverage ratios and zoning requirements of the City of Lincoln.

***Traffic Flow, Street Layouts, and Street Grades:*** The Project may marginally increase traffic flow resulting from an increase in tenants and employees traveling to and from the Project Site. The Project does not include vacating any streets or alleys.

***Parking:*** Currently, the Project Site does not include any parking stalls, nor can any parking stalls be added due to the current building's footprint. The Redeveloper is seeking parking rights for tenants in the adjacent City public parking garages. Changes to on-street parking may occur within the Project Area and as a result of coordinated planning with both Parking Services and Lincoln Transportation and Utilities.

***Zoning, Building Code, and Ordinances:*** The Project Site is currently zoned B-4 Lincoln Center Business District. The Project is a permitted use in the B-4 District. No other subdivision or re-zoning of the Project Site is expected to be required as part of the Project. The Development Services Center will work with the development to ensure that applicable building code requirements and ordinances will be satisfied with each tenant improvement phase.

## **Proposed Costs and Financing**

The estimated total cost to implement the Project is expected to be approximately \$12 million, which includes approximately \$2.6 to \$3.0 million in public funding. The Project cost will be finalized as construction costs are determined. The source of public funds for these improvements will be the tax increment generated from the private developments on the Project Site. Funding sources and uses will be negotiated and identified in the redevelopment agreement, subject to approval by the Mayor and City Council.

## **Lincoln Public Schools**

The Project should have no impact on student populations in Lincoln Public Schools since there are no residential units planned for the Project Site.

## **Cost-Benefit Analysis**

As required by Nebraska Community Development Law (Neb. Rev. Stat. §18 2113), the City has analyzed the costs and benefits of the proposed Project, including:

### ***Tax Revenues***

The 2021 assessed value of Tract B of the Project Site is \$2,004,000. The final assessed valuation of Tract B is anticipated to be approximately \$15 to \$18 million. The Project is expected to generate over a 20-year period approximately \$3.2 to \$3.6 million in TIF revenue to assist with the cost of the construction of public improvements and enhancements related to the Project. The public investment will leverage over \$18 million in private sector resources. The TIF funds will be subject to further adjustment as Project costs are defined.

The City will forgo approximately 14 percent of these annual collections over 20 years to support the Project. The tax increment gained from this Project Area would not be available for use as City or other governmental general tax revenues over that time but be used toward bond repayment. After the debt has been retired, the increase in annual taxes paid will be split among the taxing jurisdictions according to the tax levy.

### ***Public Infrastructure and Community Public Service Need Impacts***

Public infrastructure will be enhanced to support the continued redevelopment of Downtown Lincoln. The City involvement may include demolition, site preparation, and remediation; utility improvements and/or relocation; the construction of street and streetscape amenities; repairs to the skywalk system; other public right-of-way improvements; energy efficiency and sustainability improvements; façade improvements; and related amenities and public improvements.

These improvements are expected to enhance Downtown community and recreational facilities, pedestrian travel, and help sustain public transportation and the aesthetic appeal of the area. It is not anticipated that the Project will have an adverse impact on City services but instead will generate additional revenue providing support for those services.

### ***Employment within the Project Area***

Employment will also be supported/generated by the rehabilitation of the Atrium Building Redevelopment Project and its related public improvements. The preservation and enhancement of the existing Atrium Building will further promote and support employment in the downtown and surrounding neighborhoods.

### ***Employment in the City outside the Project Area***

Approximately 143,596 people were employed in 8,659 private business establishments in Lancaster County in 2018, according to the Census, County Business Patterns, and North American Industry Classification System. The 2018 median household income for the City of Lincoln was \$55,224, according to the 2014-2018 American Community Survey 5-year estimates. The Project is not expected to adversely affect employment in the City outside the Lincoln Center Redevelopment. Instead, the removal of extremely blighted and substandard conditions from the Project Site and the Lincoln Center Redevelopment Area is anticipated to enhance the aesthetics of Downtown Lincoln. As a result, it is anticipated that the Project will support current retail, office use and services in the area, which will support jobs in the Lincoln Center Redevelopment Area and the City of Lincoln as a whole.

### ***Other Impacts***

While the use of tax increment financing will defer the majority of the incremental ad valorem real property taxes generated by the Project for up to 20 years, there will be additional revenue generated by the Project from, for example, sales taxes generated by the renovation of the Project, as well as income taxes paid by those working in the Project Area. Upon completion of the 20-year TIF period, the Project will benefit the community through higher property tax revenues.

### ***Finding of Need for TIF***

Section 18-2116 of the Community Development Law requires the City Council to make the following findings regarding the Project before authorizing the use of Community Development Financing:

- the redevelopment project and plan as proposed would not be economically feasible without the use of Tax Increment Financing; and
- the redevelopment project as proposed would not occur in the Community Development area without the use of Tax Increment Financing.

The Urban Development Department believes that the private and public improvements proposed in this Plan Amendment would not occur “but for” the utilization of tax increment financing in the Lincoln Center Redevelopment Area. It would not be economically feasible for the Redeveloper to construct the Project improvements without tax increment financing because the existing site conditions constitute a barrier to development that cannot be adequately remedied without the use of tax increment financing.

### ***Project Schedule and Implementation***

Following the approval of the Plan Amendment, the following steps will occur in the implementation of the Project:

- The City will negotiate a redevelopment agreement with the Redeveloper and submit it to City Council for approval.
- Following redevelopment agreement approval, the City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to the Project.
- Exterior construction drawings of public and private improvements will be reviewed.
- TIF-funded public improvements will be identified and competitively bid, as needed and required by the Purchasing Department.

- The private and public improvements and enhancements will be constructed.
- Reimbursement for eligible public improvements and enhancements will occur when invoices have been approved, and the increment is received.

**Exhibit “BA”**  
**Project Site and Project Area**

**Project Site Legal Description**

***Tract A:***

The ground leasehold interest in Lot Thirteen (13) and the West Twenty (20) feet of Lot Fourteen (14), Block Fifty-seven (57), Original Plat of the City of Lincoln, Lancaster County, Nebraska;

***Tract B:***

The fee interest in the East Thirty (30) feet of Lot Fourteen (14), and all of Lots Fifteen (15) and Sixteen (16), and the North Seventeen (17) feet and Ten and Three-eighths (10 3/8) inches of the South Seventy-five (75) feet of Lots Seventeen (17) and Eighteen (18), Block Fifty-seven (57), Original Plat of the City of Lincoln, Lancaster County, Nebraska; and

***Tract C:***

The ground leasehold interest in South Fifty-Seven (57) feet, One and Five-eighths (1-5/8) inches of Lots Seventeen (17) and Eighteen (18), Block Fifty-seven (57), Original Plat of the City of Lincoln, Lancaster County, Nebraska.

**Project Area Legal Description**

***Tract A:***

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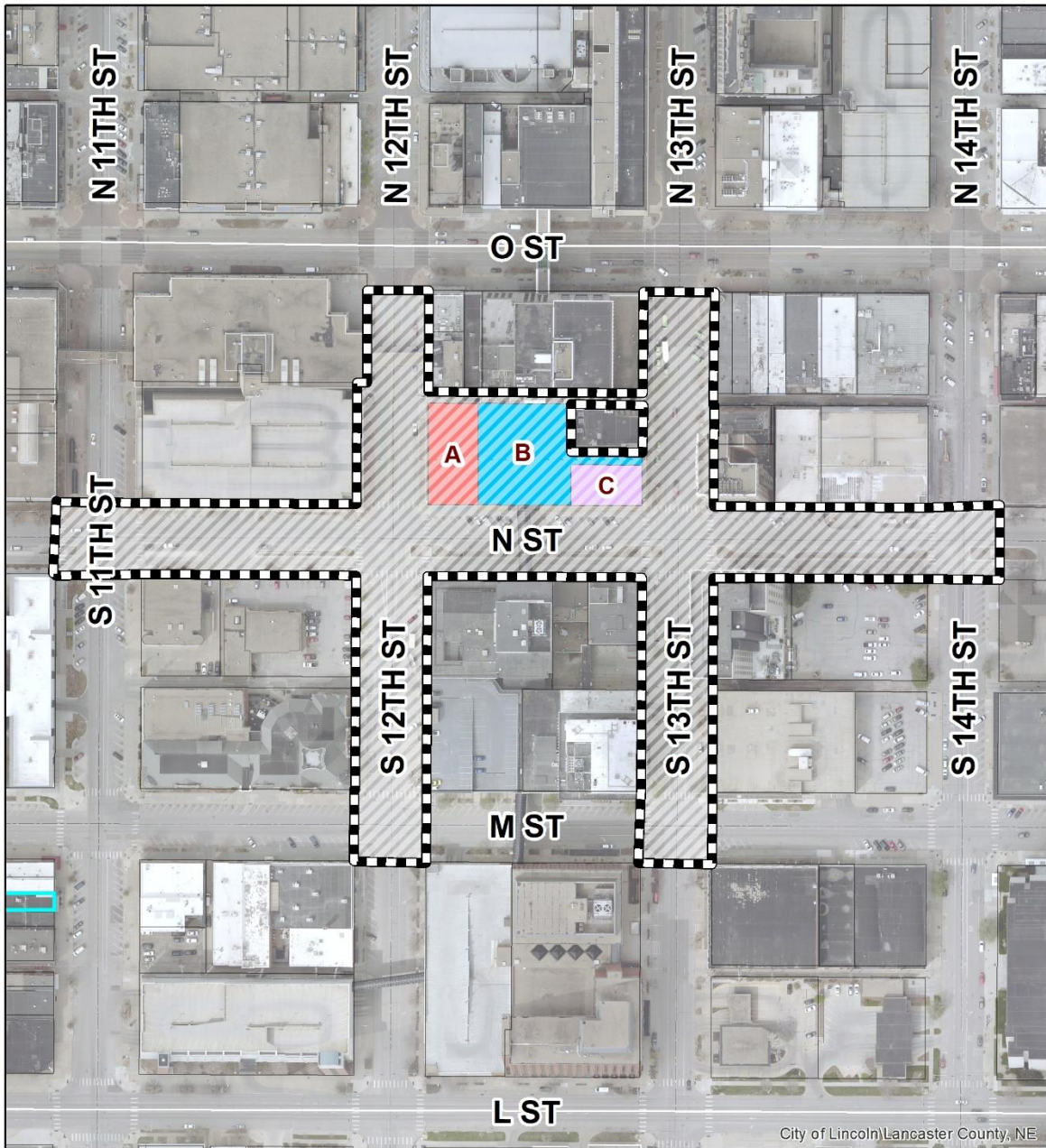
***Tract B:***

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The east – west alley on Block 57; the “N” Street right of way between the west side of S. 12<sup>th</sup> Street right of way and the east side of S. 13<sup>th</sup> Street right of way; S. 12<sup>th</sup> Street right of way from the north side of the “N” Street right of way to the south side of “O” Street right of way; and S. 13<sup>th</sup> Street right of way from the north side of “N” Street right of way to the south side of the “O” Street right of way .



Atrium Building: Project Area with Tract Labels

